

GR 730

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DESKBY BOTH 041100Z
FM PEKING 040920Z DEC 82
TO IMMEDIATE FCO
TELNO 817 OF 4 DECEMBER
INFO IMMEDIATE HONG KONG.

Lead in file.
ARC 6/12.

YOUR TELNO 584: FUTURE OF HONG KONG

1. AT LUNCH ON 4 DECEMBER ZHANG WENJIN SAID WE COULD EXPECT A REPLY SOON TO THE PROPOSAL I PUT TO HIM ON 19 OCTOBER. HE CONFIRMED THAT THE PERSONNEL CHANGES HAD SOMETHING TO DO WITH THE DELAY AND CITED THE NATIONAL PEOPLE'S CONGRESS AS ANOTHER CAUSE. HE SAID HE WOULD BE LEAVING THE MFA BY THE END OF THE YEAR. YAO GUANG (NOW AMBASSADOR IN PARIS) WOULD RETURN TO PEKING ON 10 DECEMBER AND WOULD SOON BE IN OPERATION AS VICE MINISTER RESPONSIBLE FOR WESTERN EUROPE (ZHANG DID NOT MAKE IT ABSOLUTELY CLEAR WHETHER OR NOT YAO WOULD TAKE RESPONSIBILITY FOR THE HONG KONG TALKS). HE ADDED THAT WU XUEQIAN WOULD BE ACCOMPANYING ZHAO ZIYANG ON HIS TRIP TO AFRICA, LATE DECEMBER TO MID JANUARY.
2. I SPOKE AS INSTRUCTED IN PARAGRAPH 1 OF YOUR TUR. ON THE FIRST POINT, ZHANG IMMEDIATELY STRESSED THAT THE KEY TO THE MATTER WAS OUR ACCEPTANCE THAT SOVEREIGNTY WOULD REVERT TO CHINA. WE SHOULD STUDY CAREFULLY THE STATEMENTS MADE BY DENG AND ZHAO TO THE PRIME MINISTER. IN ANSWER TO MY QUESTION HE REITERATED THAT WE COULD HAVE TALKS IN ANY CASE, BUT THESE TALKS COULD NOT MAKE PROGRESS UNTIL THE PREMISE WAS AGREED. IN FACT, HE SAID, THE SOVEREIGNTY ISSUE WAS ALREADY SOLVED. IT WAS SIMPLY A QUESTION OF WHETHER OR NOT WE WERE PREPARED TO GO ALONG WITH SOLUTION. IF WE DID, THE TALKS COULD MAKE RAPID AND EASY PROGRESS.
3. I REHEARSED OUR POSITION AS EXPLAINED BY THE PRIME MINISTER TO DENG, AND STRESSED THAT IT WAS NOT POSSIBLE TO CONSIDER SOVEREIGNTY IN THE ABSTRACT: WE NEEDED TO HAVE AN AGREED PACKAGE BEFORE THE MATTER COULD BE PUT TO PARLIAMENT WITH ANY HOPE OF PASSAGE. ZHANG TOOK CAREFUL NOTE OF THIS POINT.
4. ZHANG RAISED THE QUESTION OF THE TREATIES (BUT DID NOT REFER SPECIFICALLY TO THE PRIME MINISTER'S STATEMENTS IN HONG KONG) AND I RESPONDED WITH THE LINE AGREED. THE CHINESE NOTED THIS TOO.
5. I THEN MADE POINT 1(B) OF TUR AND MENTIONED THE RECENT REMARKS MADE BY LIAO CHENGZHI TO THE HONG KONG FACTORY OWNERS' DELEGATION. ZHANG WAS NOT APOLOGETIC. HE SAID THAT THERE WAS GREAT PRESSURE ON THE CHINESE TO TELL THEIR COMPATRIOTS CHINA'S BASIC POSITION. THEY HAD MADE GENERAL STATEMENTS ONLY, WHICH HAD NOT DAMAGED CONFIDENCE. THESE HAD NOT BEEN REPORTED IN THE CHINESE MEDIA. THEY DID NOT SAY MORE THAN THEY HAD TO AND INDEED HAD BEEN CRITICISED FOR NOT SAYING ENOUGH. I TOOK ZHANG UP ON THESE POINTS AND REBUTTED THEM. SOME OF THE LEAKS HAD NOT BEEN MERELY GENERAL BUT QUITE DETAILED. VIRTUALLY EVERYTHING THAT WAS SAID TO THE PRIME MINISTER WHILE SHE WAS HERE

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HAD NOW COME OUT FROM THE CHINESE SIDE. CONFIDENCE HAD BEEN AFFECTED. THE HONG KONG STOCK MARKET INDEX HAD BEEN FALLING STEADILY, AGAINST THE TREND IN OTHER MAJOR CENTRES. WE WERE ALSO UNDER PRESSURE TO STATE OUR POSITION BUT HAD RESISTED THE TEMPTATION TO RESPOND IN KIND. WE DID NOT WISH TO NEGOTIATE THROUGH THE MEDIA. ALTHOUGH ZHANG AGREED WITH THIS LAST POINT, IN GENERAL HIS RESPONSE ON THIS QUESTION WAS UNSATISFACTORY. BUT I AM SURE THAT THE MATTER IS QUITE BEYOND HIS CONTROL.

COMMENT

6. THIS WAS A USEFUL LUNCH AND ZHANG WAS FRIENDLY AND RELAXED. HE STRESSED THAT THIS WAS AN INFORMAL OCCASION IN WHICH BOTH SIDES COULD SPEAK MORE FREELY THAN AT OFFICIAL MEETINGS. IT IS PLAIN THAT WE SHALL BE PUT THROUGH THE WRINGER AGAIN ON THE SOVEREIGNTY PREMISE. ZHANG STRESSED REPEATEDLY THAT THIS WAS THE KEY. WITHOUT IT, TALKS WOULD CONTINUE TO BE QUOTE TALKS ABOUT TALKS UNQUOTE. AT THE SAME TIME, OUR POINTS IN PARAGRAPHS 3 AND 4 ABOVE WERE NOTED CAREFULLY BY THE CHINESE.

7. IT LOOKS AS THOUGH I MAY GET A NOT ENTIRELY NEGATIVE FORMAL RESPONSE FROM THE MFA IN THE NOT TOO DISTANT FUTURE. I MAY THEREFORE NOT NEED TO SEEK A CALL ON THE FOREIGN MINISTER IN DECEMBER. BUT WE SHOULD CONSIDER CAREFULLY WHAT TO DO IF IN ONE FORM OR ANOTHER THE CHINESE CONTINUE TO INSIST ON THEIR PREMISE. I SHALL HAVE AN OPPORTUNITY TO DISCULK THIS IN HONG KONG.

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FUTURE OF HONG KONG

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OO PEKING (DESKBY 040100Z)

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DESKBY 040100Z

FM FCO 031550Z DEC 82

TO IMMEDIATE PEKING

TELEGRAM NUMBER 584 OF 3 DECEMBER

INFO IMMEDIATE HONG KONG

PERSONAL FOR AMBASSADOR

YOUR TELNOS 803 AND 806: FUTURE OF HONG KONG

1. WHEN YOU SEE ZHANG WENJIN ON 4 DECEMBER YOU SHOULD (A) PRESS FOR TALKS TO BEGIN VERY SOON AND (B) MAKE THE POINT THAT THEIR PROPAGANDA IS DAMAGING TO CONFIDENCE.
2. YOU SHOULD KNOW THAT THE PRIME MINISTER HAS AGREED THAT IF ZHANG'S REACTION IS UNSATISFACTORY WE SHOULD CONSIDER ASKING YOU TO CALL ON THE CHINESE FOREIGN MINISTER.
3. THE PRIME MINISTER HELD A MEETING WITH ME AND OTHERS ON 2 DECEMBER. LORD BELSTEAD WAS PRESENT AND WILL GIVE YOU AND GOVERNOR AN ACCOUNT NEXT WEEK.

Handwritten: M/S
h.a.

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TO IMMEDIATE FCO

h.c.

TELEGRAM NUMBER 803 OF 30/11/82

REPEATED FOR INFO TO IMMEDIATE: HONG KONG

MY TEL NO 795: FUTURE OF HONG KONG

1. ZHANG WENJIN HAS NOW REPLIED THAT HE IS AVAILABLE FOR LUNCH ON SATURDAY 4 DECEMBER. I SHALL BE SEEING HIM THEN.

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FUTURE OF HONG KONG

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TO PRIORITY F C O
TELNO 756 OF 15 NOVEMBER
INFO PRIORITY HONG KONG.

FUTURE OF HONG KONG

1. YOU WILL HAVE SEEN FROM MY TELNO 745 THAT ZHANG WENJIN IS NOW DEFINITELY GOING AS AMBASSADOR TO WASHINGTON. THIS NEWS IS ALREADY GETTING AROUND HERE, AND I EXPECT THAT MANY OF MY COLLEAGUES WILL BE INVITING ZHANG TO FAREWELL MEALS OVER THE NEXT FEW WEEKS. I THINK THAT THIS GIVES ME A REASONABLE EXCUSE TO DO THE SAME WITHOUT APPEARING TO PURSUE HIM. IF YOU AGREE, I PROPOSE TO INVITE HIM WITHIN THE NEXT TWO WEEKS TO A FAREWELL LUNCH OR DINNER. THIS WOULD GIVE ME AN OPPORTUNITY TO PROBE INFORMALLY.

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Read in full.

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FM PEKING 110525Z NOV 82
TO IMMEDIATE F C O
TELNO 735 OF 11 NOVEMBER
RPTD INFO IMMEDIATE HONG KONG.

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FUTURE OF HONG KONG

1. I AM PUZZLED AT THE ABSENCE OF A REPLY SO FAR FROM ZHANG WENJIN FOLLOWING MY CALL OF 19 OCTOBER.

2. I AM INCLINED TO BELIEVE REPORTS OF AN IMPENDING MAJOR RESHUFFLE IN THE CHINESE FOREIGN MINISTRY (MY TELNO 720). WHEN I SAW HIM ON 4 NOVEMBER, KE HUA DID NOT DENY THESE REPORTS (MY TELLETTER OF 4 NOVEMBER) AND THEY PROVIDE THE MOST LIKELY EXPLANATION OF THE CHINESE SILENCE.

3. THERE IS THE LESS PLEASANT POSSIBILITY THAT THERE IS RESISTANCE ON THE CHINESE SIDE TO BEGINNING THE TALKS ON THE TERMS NOW PROPOSED, IE WITH THE CHINESE PREMISE NOT AGREED, A RESISTANCE WHICH MAY BE REINFORCED BY OUR REMARKS ON THE TREATIES. BUT ON PRESENT INFORMATION I THINK THIS THE LESS LIKELY EXPLANATION.

4. IRRITATING THOUGH THE DELAY IS, I THINK IT WOULD BE DAMAGING TO APPEAR TO RUN AFTER THEM AND I SUGGEST WE CONTINUE TO SIT TIGHT FOR THE PRESENT.

5. KE HUA HAS NOW TOLD ME THAT HE WILL NOT RETURN TO LONDON UNTIL 27 NOVEMBER, ONCE MORE ADDUCING HIS WIFE'S EYE COMPLAINT.

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FM FCO 151600Z NOV 82
TO IMMEDIATE PEKING
TELEGRAM NUMBER 544 OF 15 NOVEMBER
INFO HONG KONG
(PERSONAL FOR AMBASSADOR)
YOUR TELNO 735: FUTURE OF HONG KONG
1. YOUR PARAGRAPH 4. WE AGREE.

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